
Example B: With Transition Provisions

Example B is an example when the Market Base Price (last week's average daily 10:00 a.m. Hormel Foods' plant delivered carcass price) is between the Matrix Price and the Guaranteed Minimum Price.

Assume the Market Base Price is \$51.50 per carcass cwt.

Whenever the Market Base Price is less than the Matrix Price, but above the Guaranteed Minimum Price the Contract Price is equal to the midpoint between the Matrix Price and the Market Base Price.

Guaranteed Minimum	\$50.83
Market Base Price	\$51.50
Matrix Price	\$52.17
Midpoint	\$51.84
<u>Contract Price</u>	<u>\$51.84</u>

Example C: No Transition Provisions

Example C is an example when the Market Base Price (last week's average daily 10:00 a.m. Hormel Foods' plant delivered carcass price) is slightly below the Guaranteed Minimum Price.

Assume the Market Base Price is \$44.00 per carcass cwt.

Whenever the midpoint between the Matrix Price and the Market Base Price is greater than the Guaranteed Minimum Price, the Contract Price is equal to the midpoint.

Guaranteed Minimum	\$46.81
Market Base Price	\$44.00
Matrix Price	\$52.17
Midpoint	\$48.08
<u>Contract Price</u>	<u>\$48.08</u>

Example C: With Transition Provisions

Example C is an example when the Market Base Price (last week's average daily 10:00 a.m. Hormel Foods' plant delivered carcass price) is slightly below the Guaranteed Minimum Price.

Assume the Market Base Price is \$50.00 per carcass cwt.

Whenever the midpoint between the Matrix Price and the Market Base Price is greater than the Guaranteed Minimum Price, the Contract Price is equal to the midpoint.

Guaranteed Minimum	\$50.83
Market Base Price	\$50.00
Matrix Price	\$52.17
Midpoint	\$51.08
<u>Contract Price</u>	<u>\$51.08</u>
